GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2404
ANSWERED ON:11.03.2016
Land Development Banks
Koli Shri Bahadur Singh

Will the Minister of FINANCE be pleased to state:

a) whether the land development banks in the country are on the verge of closure due to their poor financial conditions, if so, the details thereof, State/UT-wise;
(b) whether the Government has received proposals from the States for their revival and set up Banks in Naxal affected areas;
(c) if so, the details thereof, State/UTwise along with the action taken on such proposals so far; and
(d) the other steps taken/being taken by the Government for revival and strengthening of the said banks?

Answer

The Minister of State in the Ministry of Finance

(a): National Bank for Agriculture & Rural Development (NABARD) has reported that there are 20 Land Development Banks, i.e. State Cooperative Agriculture and Rural Development Banks (SCARDBs) in the country. Out of these, Manipur SCARDB is not functional, Maharashtra SCARDB has been liquidated and Chattisgarh SCARDB has been merged with the Short Term Cooperative Credit Structure (STCCS). The balance 17 SCARDBs are in existence as on 31 March 2015, which are operating through 824 branches and 627 Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) having 784 branches.

(b) to (d): The Government had constituted a Task Force in January, 2005 to suggest an implementable action plan for reviving the Long-Term Cooperative Credit Structure (LTCCS) in the country, which submitted its report in August, 2006. Subsequent to the implementation of Agriculture Debt Waiver and Debt Relief Scheme, 2008, the Government decided to have a re-look at the viability and relevance of a separate package for LTCCS and constituted a Task Force, in September, 2009, which submitted its report to the Government in February, 2010.

References were received from State Governments of Maharashtra and Rajasthan for revival of LTCCS. While the Government of Maharashtra had sought some relaxation in the proposed LTCCS Package, the Government of Rajasthan had requested for implementation of the Revival Package for LTCCS in the State.

In April, 2013, it was decided not to implement the LTCCS package, primarily due to uncertain stakeholder ownership and lack of adequate budgetary provision for the purpose.

In order to infuse liquidity into SCARDBs, NABARD provides refinance to eligible SCARDBs. NABARD also conducts voluntary inspection of SCARDBs so as to assess their financial health and suggest corrective measures.